

**SUBJECT:** Medicaid managed care services for individuals with certain disabilities

**COMMITTEE:** Human Services — committee substitute recommended

**VOTE:** 6 ayes — Raymond, Rose, S. King, Naishtat, Peña, Spitzer

0 nays

3 absent — Keough, Klick, Price

**WITNESSES:** For — George Linial, LeadingAge Texas; Carole Smith, Private Providers Association of Texas; Amy Mizcles, The Arc of Texas; Cate Carroll, Volunteers of America Texas; (*Registered, but did not testify*: Marilyn Hartman; Amanda Fredriksen, AARP; Jason Berry, Berry Family Services; Dennis Borel, Coalition of Texans with Disabilities; Joe Tate, Community NOW!; Susan Murphree, Disability Rights Texas; Taylor Sims, Legend Healthcare; Sandra Frizzell, Providers Alliance for Community Services of Texas; Lee Johnson, Texas Council of Community Centers; Kevin Warren, Texas Health Care Association)

Against — None

On — (*Registered, but did not testify*: Gary Jessee and Chris Traylor, Health and Human Services Commission)

**BACKGROUND:** SB 7, enacted by the 83rd Legislature in 2013, set forth a multiyear redesign of the Medicaid delivery system for individuals with intellectual and developmental disabilities (IDD) in need of acute-care services and long-term services and supports. The first stage of the redesign under SB 7 began in fall 2014 with the transition of Medicaid acute-care services for individuals with IDD to Medicaid managed care.

During the second stage of the redesign under SB 7, individuals in the Texas Home Living Medicaid waiver program were to transition from Medicaid into Medicaid managed care by September 1, 2017. All other individuals with IDD using Medicaid waiver programs for long-term

services and supports were to transition to Medicaid managed care by September 1, 2020.

The transition from Medicaid to Medicaid managed care for services to individuals with IDD has progressed more slowly than anticipated, and some have called for longer deadlines to allow more time for the Legislature and stakeholders to evaluate the rollout of Medicaid managed care to this population.

**DIGEST:**

CSHB 3523 would extend the deadlines for transition of health services for individuals with intellectual and developmental disabilities to Medicaid managed care, would expand the role of the Intellectual and Developmental Disability System Redesign Advisory Committee, would require more detailed reports to the Legislature on implementation of system redesign, and would remove expiration dates on existing regulations regarding nursing facility providers seeking to participate in Medicaid managed care.

**Advisory committee.** The bill would change the expiration date for the Intellectual and Developmental Disability System Redesign Advisory Committee and related statute from January 1, 2024, to January 1, 2026. The bill also would allow the advisory committee to establish working groups that met at times other than the quarterly minimum for advisory committee meetings prescribed in statute to study and make recommendations on issues the committee considered appropriate.

**Annual report.** The Health and Human Services Commission (HHSC) also would be required to consult and collaborate with the advisory committee in preparing and submitting its annual report on implementation of system redesign to the Legislature. The annual report would have to include, in addition to the information already required in existing statute, the following:

- an assessment of the implementation of the system for the delivery of Medicaid acute-care and long-term services and supports to persons with intellectual and developmental disabilities;

- recommendations regarding implementation of and improvements to the system redesign; and
- an assessment of the effect of the system on seven different topics specified in the bill.

**Pilot programs for long-term services and supports.** The bill would extend the deadline for implementation of long-term services and support pilot programs from September 1, 2016, to September 1, 2017. The bill also would specify that a pilot program could operate for up to 24 months rather than requiring the pilot program to operate for 24 months or more. A pilot program could cease operation at any time if the pilot program service provider terminated the contract with HHSC before the agreed-upon termination date.

The bill also would require the Department of Aging and Disability Services (DADS) to collaborate with the Intellectual and Developmental Disability System Redesign Advisory Committee in identifying private service providers that were strong candidates to develop a capitated Medicaid managed care pilot program for providing long-term services and supports to individuals with intellectual and developmental disabilities. The bill would remove a requirement for the capitated managed care pilot program to be designed to promote efficiency and the best use of funding and would require the pilot program to promote customized, integrated, and competitive employment rather than supported employment.

DADS also would be required to collaborate with the advisory committee in evaluating each submitted managed care strategy proposal, making determinations about the proposals and analyzing information provided by the pilot program service providers. DADS would contract with pilot program service providers based on the department's evaluation. DADS' analysis of the pilot program service providers required under existing statute would have to include an assessment of the effect of the managed care strategies implemented in the pilot programs on seven different topics stipulated in the bill.

The bill would remove the timeline for HHSC and DADS to collaborate with the advisory committee in reviewing and evaluating the progress and outcomes of each pilot program. Instead, the bill would require the review to be submitted as part of HHSC's annual report to the Legislature on implementation of system redesign.

**Acute care.** The bill would require HHSC and DADS to consult and collaborate with the advisory committee in analyzing the outcomes of providing acute-care Medicaid benefits to individuals with intellectual or developmental disabilities through Medicaid managed care or the most appropriate integrated capitated managed care program delivery model. The agencies' analysis in collaboration with the advisory committee would:

- include an assessment of the effects on access to and quality of acute care services and the number and types of fair hearing and appeals processes in accordance with federal law;
- be incorporated into HHSC's annual report to the Legislature on implementation of system redesign; and
- include recommendations for delivery model improvements and implementation for consideration by the Legislature, including recommendations for needed statutory changes.

**Basic attendant and habilitation services.** DADS would contract with providers participating in Medicaid waiver programs for the delivery of basic attendant and habilitation services. DADS would have regulatory and oversight authority over these providers.

**Texas Home Living waiver program.** The bill would extend the deadline from September 1, 2017, to September 1, 2018, for the transition of individuals using the Texas Home Living Medicaid waiver program to Medicaid managed care and would permit, rather than require, the transition to occur. HHSC would have to consult and collaborate with the advisory committee regarding the transition and in ensuring a comprehensive plan existed for the transition.

The bill would require HHSC, with the advisory committee, to analyze the outcomes of the transition of long-term services and supports under the Texas Home Living waiver program to Medicaid managed care. The analysis would be required to include an assessment of the effect of the transition on specified outcomes, and the analysis would be incorporated into HHSC's annual report to the Legislature. The analysis also would include recommendations for improvements to the transition implementation for consideration by the Legislature, including recommendations for needed statutory changes.

**ICF-IID programs and Medicaid waivers other than Texas Home Living.** The bill would extend the deadline for transferring individuals receiving long-term services and supports under an ICF-IID program or a Medicaid program other than the Texas Home Living waiver program to Medicaid managed care from September 1, 2020, to September 1, 2021. The bill would permit rather than require that transition to occur according to the deadline.

**Nursing facilities.** The bill would remove the expiration dates for certain sections of code that relate to provision of benefits through Medicaid managed care to recipients who reside in nursing facilities, credentialing and minimum performance standards for nursing facility providers, nursing facility reimbursement rates under Medicaid managed care, and prior authorization under Medicaid managed care for a nursing facility resident in need of emergency hospital services.

**Federal waiver or authorization.** The bill would require a state agency to request a waiver or authorization from a federal agency if such a waiver or authorization was necessary for implementing the bill's provisions.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.